GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:431
ANSWERED ON:21.04.2003
LOSSES TO AIRLINES
IQBAL AHMED SARADGI;NIVEDITA MANE

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether despite 15% across-the-board fare hike India based airlines are expected to suffer major losses because of cancellation of flights due to war in Iraq;

(b) if so, the details thereof alongwith the total number of flights cancelled;

(c) the total loss suffered so far by Indian-based airlines, particularly Indian Airlines and Air India due to the ensuing gulf war;

(d) whether Air India and Indian Airlines diverted their flights to other routes to recover these losses; and

(e) if so, the details thereof and the steps taken or being taken by the Government to recover the losses? and

(f) the extent of loss suffered by IA and AI due to severe acute respiratory syndrome SARS scare?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a), (b), (c), (d), (e) and (f) : A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO PART (A), (B),(C),(D),(E) & (F) OF LOK SABHA STARRED QUESTION NO.431 FOR 21.4.2003 REGARDING LOSSES TO AIRLINES

(a), (b), (c) (d) and (e) : 15% fare hike has taken place for domestic air travel only. In case of international air travel, Air India has increased the fares by 5-7% and Indian Airlines by 7-18% from April 2003. Besides, Air India has also imposed an additional surcharge of US $ 5 on account of increase in ATF prices. This increase has been necessitated not only due to Iraq war, but also due to increase in various items of expenditure since the last increase in January 2001.

Due to Iraq war, losses are being incurred on account of increasing price of air turbine fuel (ATF) on one hand, and decreasing demand for air travel on the other. To contain the losses, airlines are cancelling some flights for a limited period. Air India has suspended operation of fourteen flights in the Gulf region for the month of April. Indian Airlines has not suspended any flight. Though at present it is difficult to estimate the total loss due to Iraq war, Air India has incurred an additional expenditure of about Rs. 25 crores on fuel and suffered a loss of revenue of about Rs. 10 crores due to decline in demand in March, 2003. Indian Airlines is likely to suffer a loss of revenue of Rs.2 crores per week due to drop in traffic.

Air India has not deployed the additional capacity available due to cancellation of flights on other routes for such a limited period as there has been a drop of 11% in the overall load factor and any redeployment on other routes would not be economically viable.

(f): Due to Severe Acute Respiratory Syndrome (SARS), there is a sharp decline in the demand for air travel in south-east and far-east Asia region, because of which Air India has cancelled 17 flights in this region. Indian Airlines has not cancelled any flight so far. Though at present it is difficult to estimate the total loss on this account, Air India and Indian Airlines have suffered estimated losses of about Rs.7.8 crores and Rs. 92 lacs respectively due to SARS.